

Under the provisions of Section 413.031 of the Texas Workers' Compensation Act, Title 5, Subtitle A of the Texas Labor Code, effective June 17, 2001 and Commission Rule 133.305, titled Medical Dispute Resolution-General, and 133.307, titled Medical Dispute Resolution of a Medical Fee Dispute, a review was conducted by the Division regarding a medical fee dispute between the requestor and the respondent named above. This dispute was received on 4/22/03.

## **I. DISPUTE**

Whether there should be additional reimbursement for hospital admission of 5/13/02 through 5/18/02, reduced or denied on the basis of “G” – global to another service, “N” – not properly documented and “M” – reduced to usual and customary.

## **II. RATIONALE**

During the respondent’s audit of the disputed services, the carrier improperly carved out the charges for the implantables, applied the per-diem (§134.401(c)(1)) and reimbursed the requestor a total of \$14,568.50. Per Rule 134.401 (c)(4)(A)(i) this action is allowed only when stop loss is not in effect with a total audited bill below \$40,000.00.

Audit reductions are made per Rule 133.1, 133.301 and 134.401. Per Rule 134.401 (c)(6)(v), “Audited charges are those charges which remain after a bill review by the insurance carrier has been performed.”

According to Rule 134.401 (b)(2)(A) all hospitals are required to bill usual and customary. The requestor billed usual and customary. The carrier’s audit (EOBs) and response indicated \$33,174.49 of the requestor’s charges would be considered usual and customary and reduced the requestor’s bill by that amount. Additionally, the carrier’s audit reduced the entire bill by another \$1,204.36 for non-related items. The carrier’s audit was not refuted by the requestor.

The respondent used SOAH decisions as their method for reimbursement. While the SOAH decision adjudicated the merits of the individual cases addressed in those specific disputes, they do not change the provisions of the Commission rules. Commission staff must follow the provisions of Rule 134.401 to determine the appropriate reimbursement. Without the appropriate audits per §133.301 and 134.401 and with the \$34,378.85 reduction, the total of these disputed / audited charges exceed \$40,000.00.

According to Rule 134.401(c)(6), the services in dispute are to be reimbursed per the Stop-Loss Method. Stop-loss is an independent methodology established to ensure fair and reasonable compensation to the hospital for unusually costly services rendered during treatment to an injured worker. Rule 134.401(c)(6)(A)(i) states that to be eligible for stop-loss payment the total audited charges for a hospital admission must exceed \$40,000. The reimbursement for the entire audited admission shall be paid using a Stop-Loss Reimbursement Factor (SLRF) of 75%. The Stop-Loss Reimbursement Factor is multiplied by the total audited charges to determine the Workers Compensation Reimbursement Amount (WCRA) for the admission.

Rule 134.401(c)(6)(B) states the formula for calculating the appropriate reimbursement is:

Audited Charges x SLRF = WCRA.”

Using the Stop-Loss methodology, the total allowable WCRA for the audited charges is \$64,657.13 (\$120,588.36 less \$34,378.85 audited reductions / total charges x 75%). The respondent paid \$14,568.50 of the total charges. Additional reimbursement in the amount of \$50,088.63 (\$64,657.13 / WCRA - \$14,568.50 / paid) is recommended.

#### IV. DECISION & ORDER

Based upon the review of the disputed healthcare services within this request, the Division has determined that the requestor **is** entitled to reimbursement for hospital admission of 5/13/02 through 5/18/02. Pursuant to Sections 402.042, 413.016, 413.031, and 413.019 the Division hereby ORDERS the Respondent to remit **\$50,088.63** plus all accrued interest due at the time of payment to the Requestor within 20 days receipt of this Order.

The above Findings, Decision and Order are hereby issued this 25<sup>th</sup> day of October, 2004.

Noel L. Beavers  
Medical Dispute Resolution Officer  
Medical Review Division

Allen McDonald, Director  
Medical Review Division

AM/nlb